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Your Property Tax Bill

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Cook County's property tax system

The CCAO does not set tax rates, nor does it have jurisdiction over tax levies. So how does the work of our office fit into the rest of Cook County's property tax system?

In Illinois, property taxes work on a "budget, then tax" not "tax, then spend" model. Instead of setting tax rates, taxing agencies first budget how much revenue they need that year from property taxes. Based on their annual budget needs, local taxing agencies such as schools or park districts decide how much total revenue they need to raise from property taxes from property owners in their district each year. Each agency passes a levy -- an ordinance or resolution with this amount. These must be filed with the Cook County Clerk. Each agency's levy can grow or shrink each year, and a typical property is within the districts of twelve to fourteen agencies.

To fulfill Truth-in-Taxation laws, agencies often hold public hearings about their property tax levy each year.

But a levy is only one part of the equation. Property tax rates also depend on the tax base: the total taxable value of all property in that district.

The levy divided by the base determines the tax rate.

The base is where the CCAO comes in. As described in Section 2.1 of this report, we assign assessed values to all property in Cook County. The tax base is also affected by homeowner exemptions, which are also administered by the CCAO. (See Section 5.1 for more information about exemptions.) Our role in the property tax system is to create a fair property tax base by ensuring accurate assessments and exemptions for every real estate property in that district, from residential property to non-residential.

When the tax base is fair, the tax levy is fairly divided between property owners in that tax base. Think of it like a pie: Local taxing districts

create the pie (which can grow or shrink), while the CCAO slices it up between property owners according to each property's share of the tax base.

Property owners can file an appeal with our office or the Cook County Board of Review if they disagree with their assessment. Appeals can also be filed with a statewide appeals board and the Circuit Court of Cook County, though decisions in these venues almost always fall outside the annual property tax cycle.

Once the assessed value of an area is set after appeals, the Illinois Department of Revenue applies an annual equalization factor. This factor is the same for all properties in Cook County. This factor, often called the multiplier, brings all property to the 33.3% level required by law, transforming assessed values into equalized assessed values. Equalized assessed values, minus exemption deductions, are the taxable value of a property -- what the tax rate is applied to.

Why isn't all property in Cook County assessed at the state level of 33.3%?

In most of Illinois, all properties are assessed at 33.3% as required by state statute, meaning that assessed value is one-third of market value. In 1973, however, the Cook County Board passed ordinances to set different levels of assessment depending on the property's use. The current level of assessment for residential properties and vacant land is 10%, while commercial and industrial properties are generally assessed at 25% of their market value. That means a home valued at \$1 million and an office building valued at \$1 million will have different assessed values: \$100,000 for the home and \$250,000 for the office. The CCAO also administers incentives that lowers the level of assessment applicable to some types of properties.

After the equalization factor is applied and exemptions are deducted, the Cook County Clerk calculates property tax rates for each agency by dividing each agency's levy by its tax base. The Clerk then calculates the local cumulative tax rate by adding up the tax rates of all agencies that levy taxes from the property owner.

Each individual property's tax bill is calculated by multiplying its taxable value (Equalized Assessed Value) by its local cumulative tax rate.

The Cook County Treasurer then sends out tax bills and collects payments from property owners. Bills are issued in two installments each year.

Cook County's Property Tax System

1

Assessor

Determines the value of your property, hears initial appeals, and revises assessments.



2

Board of Review

Hears appeals and revises assessments.



3

Illinois Dep. of Revenue

Sets an equalization factor for each county in Illinois.



4

Assessor

Applies exemptions to an individual qualifying property.



5

Local Governments

Pass tax levies, craft budgets, and file documents with the County Clerk.



6

Clerk

Calculates tax rates and extension amounts based on how much \$ local governments need and taxable value.



7

Treasurer

Prints and mails the bills, collects payment, and distributes money to local governments.



Why assessment increases don't cause tax bill increases

Here's an example of a second installment tax bill for Tax Year 2022 showing an increased assessment (in blue) and a lower tax bill (in green):

2022 Second Installment Property Tax Bill - Cook County Electronic Bill							
By 04/01/2024	\$0.00	Property Index Number (PIN)	Volume	Code	Tax Year	(Payable In)	Township
			072	20031	2022	(2023)	LEYDEN
							Classification
							2-04
IF PAYING LATE, PLEASE PAY	04/02/2024 - 05/01/2024	05/02/2024 - 06/01/2024	06/02/2024 - 07/01/2024	LATE INTEREST IS 1.5% PER MONTH, BY STATE LAW			
	\$0.00	\$0.00	\$0.00				
TAXING DISTRICT BREAKDOWN							
Taxing Districts	2022 Tax	2022 Rate	2022 %	Pension	2021 Tax		
MISCELLANEOUS TAXES							
Metro Water Reclamation Dist of Chicago	378.11	0.374	3.72%	39.42	347.40		
Miscellaneous Taxes Total	378.11	0.374	3.72%		347.40		
SCHOOL TAXES							
Elmwood Park Community Unit SD 401	5,488.61	5.429	54.05%	84.92	6,238.62		
Triton Community College 504 River Grove	306.33	0.303	3.02%	3.03	286.47		
School Taxes Total	5,794.94	5.732	57.07%		6,525.09		
MUNICIPALITY/TOWNSHIP TAXES							
Elmwood Park Library Fund	288.13	0.285	2.84%		327.39		
Village of Elmwood Park	2,905.56	2.874	28.61%	251.73	3,415.78		
Road & Bridge Leyden	149.63	0.148	1.47%	4.04	158.24		
General Assistance Leyden	9.10	0.009	0.09%		9.09		
Town of Leyden	111.21	0.110	1.10%		117.32		
Municipality/Township Taxes Total	3,463.63	3.426	34.11%		4,027.82		
COOK COUNTY TAXES							
Cook County Forest Preserve District	81.89	0.081	0.81%	2.02	52.75		
Consolidated Elections	0.00	0.000	0.00%		17.28		
County of Cook	250.70	0.248	2.46%	75.82	220.98		
Cook County Public Safety	107.16	0.106	1.06%		119.13		
Cook County Health Facilities	77.85	0.077	0.77%		65.48		
Cook County Taxes Total	517.60	0.512	5.10%		475.62		
(Do not pay these totals)	10,154.28	10.044	100.00%		11,375.93		
TAX CALCULATOR				IMPORTANT MESSAGES			
2021 Assessed Value	33,617	2022 Total Tax Before Exemptions		11,158.68			
2022 Property Value	379,990	Homeowner's Exemption		-1,004.40			
2022 Assessment Level	X 10%	Senior Citizen Exemption		.00			
2022 Assessed Value	37,999	Senior Freeze Exemption		.00			
2022 State Equalizer	X 2.9237	2022 Total Tax After Exemptions		10,154.28			
2022 Equalized Assessed Value (EAV)	111,098	First Installment		6,256.76			
2022 Local Tax Rate	X 10.044%	Second Installment +		3,897.52			
2022 Total Tax Before Exemptions	11,158.68	Total 2022 Tax (Payable in 2023)		10,154.28			
				PROPERTY LOCATION		MAILING ADDRESS	
*** Please see 2022 Second Installment Payment Coupon next page ***							

Calculation of property tax rates are also affected by: abatements by units of government, Enterprise Zones, Tax Increment Financing (TIF Districts), and the Property Tax Extension Limitation Law (PTELL).

This bill is for a home in Elmwood Park, a village in northwest suburban Leyden Township. The central portion of the document shows the 13 different taxing agencies that this property belongs to – each of those agencies has a levy and receives property taxes. (Illinois is one of the states with the highest number of taxing agencies.)

The two most impactful agencies are highlighted in **red**: Together, the Elmwood Park school district and Village of Elmwood Park make up more than 80% of this property's tax bill. Across Cook County, most property taxes go to schools.

As the section in the bottom left of the tax bill within the **blue** box shows, the Assessed Value of this home increased 13% during the 2022 reassessment, from \$33,617 to \$37,999. (Since residential homes are assessed at 10% of their market value, that means the market value for this home increased by nearly \$50,000.) This homeowner also had the same exemptions in 2021 and 2022: the homeowner exemption.

There is a common misconception that the increase in value of a property causes an increase in property taxes. In fact, Cook County's assessments are revenue neutral. As mentioned earlier, levies are set in law and certified by the Clerk – you don't suddenly pay more in taxes just because your property is worth more.

And in fact, property taxes for this home went down from the previous year by about \$1,200, despite the assessment increase.

Let's look at how this happened by focusing on the property taxes paid to the Village of Elmwood Park, one of the two taxing agencies mentioned above. We'll see how an increase in the equalized assessed value of an area – representing an increase in the tax base – can lead to a decrease in the tax rate.

The property tax bill does not show whether an agency has increased its total property tax revenue levy (which increases the tax rate), nor whether the tax base has grown (reducing the tax rate).

Fortunately, the Cook County Clerk provides tax agency reports for every taxing district in Cook County. With data from the report, we can compare the extension, tax base (taxable value), and tax rate from 2021 to 2022 for the Village of Elmwood Park. (This data has also been compiled into PTAXSIM, the Assessor's Office database and code package for analyzing Cook County property tax bills.)

Here is how tax rates are recalculated each year. In 2021, the levy (technically, the total tax extension) for the Village of Elmwood Park taxing district was \$17.96 million. (Think of the extension as the fulfillment of the levy – it represents the total property taxes billed for that agency.) The 2021 tax base (technically, the total taxable equalized assessed valuation) for all of Elmwood Park – since the entire municipality is contained within the taxing district that represents the village – was \$478.041 million.

Dividing the extension by the base gives us a tax rate of 3.756%.

In 2022, the extension for the Village of Elmwood Park increased slightly, to \$18.07 million. This would increase its tax rate. But because of the reassessment, the base grew to \$628.763 million. That meant the 2022 tax rate dipped nearly a quarter, ending up at 2.874%.

In other words, tax revenues (levies) are pre-set each year, and the tax rate rises or falls such that the total levy is extended to all property owners within the district.

As a result, properties like the one listed above paid about \$500 less than the previous year in taxes to the village.

These graphics from our 2019 annual report show a similar trend in the tax rate has historically been true for the taxing district tied to Cook County government, which includes funding for health facilities, the criminal justice system, and offices

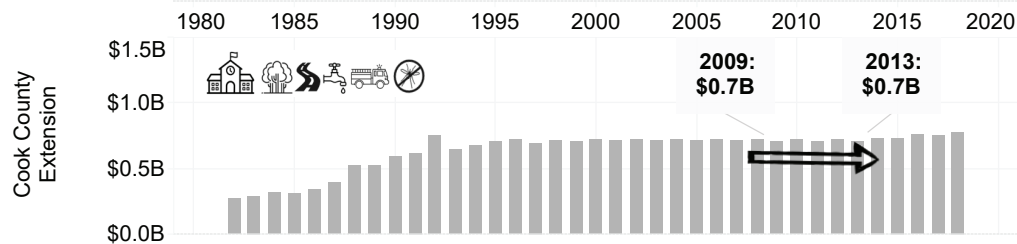
like ours. (Note that when property values dropped following the 2008 financial crisis – leading to a decrease in the overall tax base – the tax rate jumped slightly.)

Cook County Government's Property Taxes

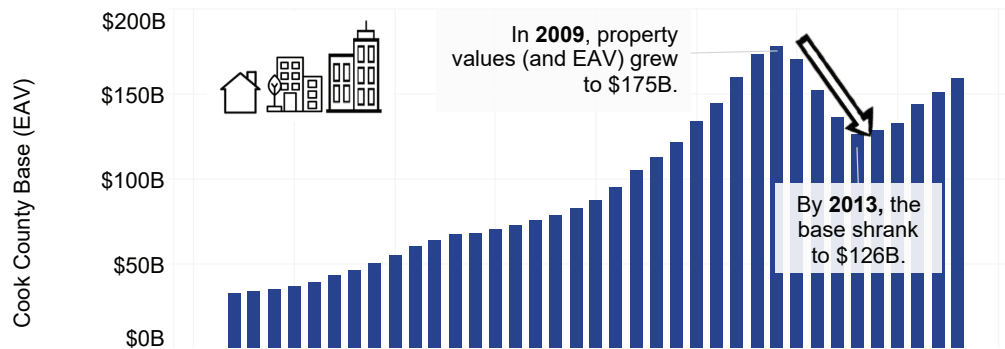
$$\text{Extension} \div \text{Property Tax Base} = \text{Property Tax Rate} \%$$



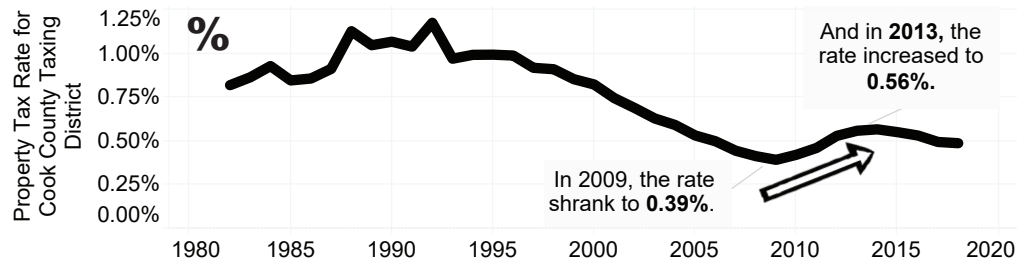
Extension (total property tax dollars billed) for Cook County



Property Tax Base (Equalized Assessed Value) of Cook County



Property Tax Rate for Cook County Taxing District



Download this data and more from the Cook County Assessor's Property Tax Rate Simulator Tool, available at www.cookcountyassessor.com/property-tax-rate-simulator-tool

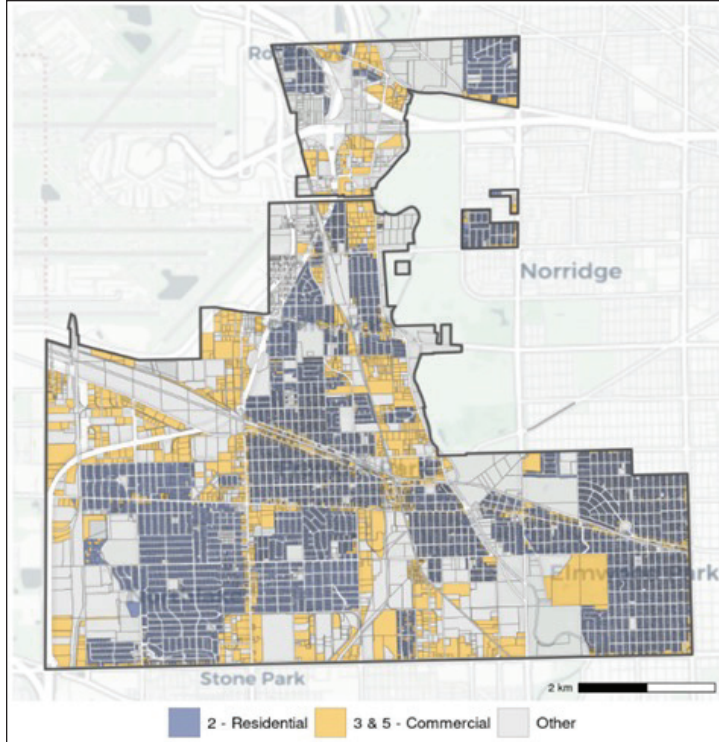
So as we can see, an increase in assessments does not necessarily mean an increase in property taxes. And an increase in total value within a neighborhood or municipality might mean a lower property tax rate, which could lead to lower individual tax bills.

The magnitudes of the levy and base aren't the only factors that affect property taxes. As described earlier, the levy is a bit like a pie, and the CCAO's assessments slice up the distribution of that pie among the tax base. However, we aren't the last word on property values or pie-slicing in Cook County – shifts in the distribution of the tax burden in other venues can have a significant effect on property taxes.

How the tax base shifts during appeals with the Cook County Board of Review (BOR)

The Cook County Assessor's Office must fairly and uniformly determine property assessments, but we are not the final arbiter of assessed values used to calculate property tax bills. Property owners can appeal property assessments not only with us, but also with the Cook County Board of Review (BOR), a separate elected body composed of three commissioners.^[1]

Historically, appeals in front of the BOR have shifted the share of assessed value onto residential properties and away from non-residential properties, such as commercial or industrial buildings.



The 2022 reassessment was no different in this regard. To take one example, look at Leyden Township, whose borders cover or overlap with a handful of municipalities just south of O'Hare Airport such as Franklin Park, Schiller Park, Northlake, and River Grove. The map to the left shows the distribution of residential, commercial, and other classes of property in Leyden.

[1] Appeals can also be filed with the statewide Property Tax Appeal Board and the Circuit Court of Cook County, but these appeals do not affect the calculation of the property tax base and therefore do not shift the property tax burden in the way that appeals with the CCAO and the BOR do. If successful, such appeals generate refunds after property taxes are established.

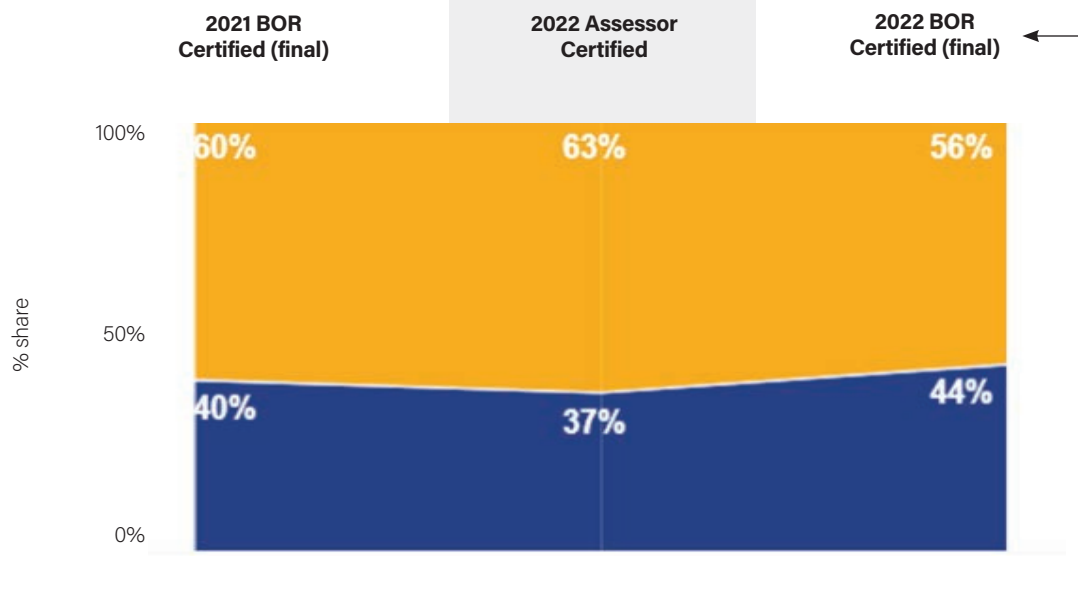
In 2021, non-residential assessed values in Leyden Township totaled \$775 million, while residential assessed values totaled a little more than \$500 million.

Non-residential properties comprised about three-fifths, or 60%, of the approximate tax base^[2].

The CCAO's 2022 reassessment increased the value of both the residential and non-residential sectors in Leyden. Non-residential values rose to a total of \$1.2 billion, while residential rose to about \$730 million.

This shifted non-residential property's share of the tax base from 60% in 2021 to 63%, shrinking the residential share of the "pie" by 3%.

But after appeals in front of the BOR, the burden swung back in the other direction. By the time appeals had concluded, the value of non-residential property had declined to \$934 million. In general, residential property values tend to change less on appeal, and this was borne out in Leyden – their total value dropped to \$720 million, as the reductions they received amounted to less than \$10 million.



What does this shift look like in practice? One example from the 2022 reassessment was a food processing facility in Northlake purchased by an asset management firm for \$84 million the previous year. The CCAO set its market value at about \$82 million. On appeal, the BOR lowered its value to approximately \$48 million, a reduction of 42%.

As a result of appeal decisions like these, non-residential property actually made up a smaller share of the tax base after the 2022 reassessment than it did in 2021. From a 60% share the previous year, it decreased to 56%.

Between the CCAO's certified values and the final values used to determine tax bills, homeowners saw an increase of 7% in their share of the burden. The chart below illustrates this change. (See page 16 for a more detailed look at this shift across all north suburban townships.) In the next section, we look at how this shift affects an individual tax bill.

[2] Share of assessed value is roughly approximate to share of the total tax base. The tax base is affected by more than just assessed value: it is also affected by homestead exemptions and Tax Increment Financing (TIF) districts.

How appeals affect property tax bills

As we have just seen, appeals shift the tax base. A substantial shift in the tax base due to commercial assessment appeals can not only substantially reduce commercial property taxes, but also increase the tax bills issued to homeowners.

What does an aggregate shift onto residential properties – such as the one described above for Leyden Township – amount to for individual taxpayers?

The CCAO has developed a public coding package called the Property Tax Simulator Tool that can simulate the effects of different features of the property tax system on individual bills. (For more information on PTAXSIM, visit <https://www.cookcountyassessor.com/property-tax-simulator-tool>.)

Using this tool, we can estimate how much appeals in Leyden Township during the 2022 reassessment cycle impacted tax bills.

For Tax Year 2022 (affecting bills issued in 2023), the median actual residential tax bill in Leyden was \$6,462. The median commercial tax bill was \$20,526.

The Board of Review granted greater assessed value reductions to commercial properties than residential properties. If no appeals had been granted with the Board of Review, commercial property assessments would have been higher (a median of a 12.8% increase), and residential assessments would have been roughly the same (a median of a 0% change). The tax base would have reflected the assessments determined by the CCAO during the 2022 reassessment.

In this hypothetical scenario, the median tax bill for a commercial property owner would have been higher: \$22,610 (an increase of \$2,084, or 10%). Subsequently, the median tax bill for a residential property would have been lower: \$6,292 (a decrease of \$170, or 3%), even though the median residential assessed value was the same. In total, appeal reductions made by the BOR in Leyden resulted in a shift of approximately \$57 million less in property tax bills issued to commercial property owners, and \$4 million more billed to homeowners.

Reassessments and appeals shift the tax burden: in the case of Leyden, commercial appeal results ultimately shifted millions of property tax dollars off of commercial properties and onto residential properties.

Tax Burden Shifts by Township

The graphics below show changes to the tax burden in each north suburban township because of BOR appeals.

